

### **Tab 23 Syndication Information**

Information provided in the Application regarding the syndication of the Tax Credits must be confirmed in writing by the appropriate party. Public offerings must be verified by the syndicator issuing the public offering. The offering must be registered with the Securities Exchange Commission ("SEC"). The syndication letter must state the amount of the anticipated pay-in, the amount of Tax Credits upon which the pay-in is based, and an estimated pay-in schedule. For developments seeking Tax Credits and anticipating the use of Federal Historic Rehabilitation Tax Credits and/or Commonwealth of Pennsylvania Neighborhood Assistance or Enterprise Zone State Tax Credits, the syndication letter must provide the total credits, investment amount and pay-in schedule for each tax credit. If the syndicator is also providing an internal bridge loan, the terms and conditions of the loan must be provided.

The Agency will underwrite the development based upon amounts set forth in the syndicator's letter and may establish minimum gross equity pay-in standards during processing. Applicants will be notified regarding any equity adjustments during processing.

Furthermore, the Agency may require updates as it deems appropriate during processing in order to verify the equity commitment. Prior to making a contingent set-aside of tax credits, the Agency will require documentation demonstrating evidence of a commitment of equity to the development.

Private offerings must be verified by each of the investors whether corporate or individuals. The letter from the investor(s) must state their equity contribution for each type of Tax Credit and the amount and type of Tax Credits upon which the pay-in is based.

Syndication costs for both public and private offerings must be identified. The Agency retains the right to request additional information on any potential investment, private or public.

If the investor is charging an investor service fee, the investor letter must state that the fee is to be paid yearly as a project operating expense. If the fee is not listed in the letter, it may not be paid from project operations. In addition, the fee must be budgeted to be paid from operations.

All applicants are expected to be thoroughly familiar with the "At Risk Rules" of Section 42(k) of the Code. If the applicant has indicated a type of financing such as related party financing, seller financing, or a nonprofit loan that might come under the At Risk Rule provision, the applicant must submit a certification as to why this type of financing is not in violation of the At Risk Rules. The certification must be provided by the owner, acknowledged by the investor, and must provide specific reference to the appropriate section of the Code or relevant accounting procedures which permits this type of financing to remain in basis.

Furthermore, for consideration under the Ability to Proceed Selection Criteria, the developer must submit evidence, satisfactory to the Agency that an equity investor has been secured and funds have been committed to the development.